

Message Text

CONFIDENTIAL

PAGE 01 STATE 095449
ORIGIN EA-12

INFO OCT-01 EUR-12 ISO-00 SS-15 FRB-03 TRSE-00 EB-08
CEA-01 AID-05 CIAE-00 COME-00 INR-10 IO-13 NEA-10
NSAE-00 ICA-11 OPIC-03 SP-02 LAB-04 SIL-01
AGRE-00 OMB-01 /112 R

DRAFTED BY EA/EP:AGEBER:SRP
APPROVED BY EA:EHEGINBOTHAM
E:JWILSON (DRAFT)
EUR/RPE:RGELBARD (DRAFT)
EA/J:HCOCHRAN (DRAFT)
EA/EP:JSHINN (DRAFT)
FRB:LPROMISEL (DRAFT)
TREASURY:DKLOCK (DRAFT)
EB:WMILAM (DRAFT)
CEA:MR. GRAMLY (DRAFT)
-----003235 140257Z /64

P R 132158Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY PARIS PRIORITY
INFO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 095449

USOECD

E.O. 11652: GDS

TAGS: ECON, OECD, JA

SUBJECT: ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE --
JAPAN

REF: PARIS 10149

1. FOLLOWING ARE SUGGESTIONS, IN RESPONSE TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 095449

SECRETARIAT'S INVITATION, OF SOME LONGER-TERM STRUCTURAL
ASPECTS OF JAPANESE ECONOMY WHICH SECRETARIAT AT ITS
DISCRETION MAY LOOK INTO DURING ITS VISIT TO JAPAN IN
PREPARATION FOR EDRC REVIEW. THEY SHOULD BE RECEIVED
AS ILLUSTRATIVE AND SECRETARIAT CAN CHOOSE AMONG THEM
AS DESIRED. (THESE SHOULD IN NO WAY BE IDENTIFIED AS
QUESTIONS POSED BY USG.) VIEW IS WIDELY HELD THAT

CHANGES IN CERTAIN POLICIES, INSTITUTIONS, BEHAVIOR AND ATTITUDES ARE REQUIRED TO TURN JAPANESE ECONOMIC PERFORMANCE AROUND FROM PRODUCING CURRENT ACCOUNT SURPLUSES AT DIFFERENT STAGES OF BUSINESS CYCLE TO A BETTER EQUILIBRIUM. IT WOULD BE INTERESTING AND USEFUL IF EDRC REVIEW, LED BY SECRETARIAT, COULD SHED SOME LIGHT ON VALIDITY OF THESE PROPOSITIONS.

2. WE SUGGEST FOLLOWING AREAS FOR ATTENTION. FIRST, ARE THERE ANY POLICY AND INSTITUTIONAL MEASURES IN

PROCESS WHICH ARE LIKELY TO INCREASE JAPANESE PROPENSITY TO CONSUME. WHAT ROLE DO HOUSING POLICIES AND FINANCING, TRENDS IN MORTGAGE TERMS AND RATES AND ANY POSSIBLE CONSTRAINTS ON FUNDS AVAILABILITY PLAY IN INCREASED CONSUMPTION ORIENTATION OF JAPANESE ECONOMY. SIMILARLY, WE WOULD RECOMMEND A LOOK INTO CONSUMER CREDIT POLICIES AND PRACTICES.

3. SECOND, WE SUGGEST SOME INQUIRY INTO INDUSTRY POLICY. AMONG ISSUES IN THIS AREA APPEAR TO BE HIGH DEBT/EQUITY RATIO OF JAPANESE FIRMS, LIFE-TIME EMPLOYMENT OF LABOR, EMBRYONIC SOCIAL SECURITY SYSTEM AND LABOR MARKET POLICIES, ALL OF WHICH APPEAR TO AFFECT JAPANESE FIRMS' MARKETING AND PRICING POLICIES. ALSO, WE WOULD BE INTERESTED IN THE PRIORITIES IN THE GOVERNMENT AND CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 095449

BANKING SECTOR STRATEGY OF INDUSTRIAL FINANCING, AS TO THE BALANCE BETWEEN FINANCIAL SUPPORT ON THE ONE HAND, FOR DEVELOPMENT AND MARKET PENETRATION BY HIGHLY EXPORT-COMPETITIVE INDUSTRIES AND ON THE OTHER, FOR REINVIGORATING DECLINING INDUSTRIES. ARE GOJ R & D EXPENDITURES OR OTHER SUPPORT OF HIGH TECHNOLOGY INDUSTRIES LIKELY TO GENERATE STRESSES IN FUTURE EXPORT COMPETITION WITH OTHER ADVANCED INDUSTRIAL NATIONS.

4. IT WOULD BE INTERESTING TO HAVE SOME LIGHT THROWN ON THE CONTRAST BETWEEN EUROPEAN AND AMERICAN FIRM MOTIVATION TO MAXIMIZE SHORT-TERM PROFITS AND CASH FLOWS VS. JAPANESE FIRMS' WILLINGNESS TO FOREGO SUCH IN PREFERENCE TO INVESTING IN MARKET DEVELOPMENT.

5. RELATED TO LAST SET OF ISSUES, IS THE QUESTION OF JAPANESE TRADE POLICY AND SPECIFICALLY THE EFFECTIVE (I.E. VALUE ADDED) PROTECTION IN THE JAPANESE TARIFF STRUCTURE (AS COMPARED TO EUROPEAN AND AMERICAN) OF RAW MATERIAL AND SEMI-MANUFACTURED PROCESSING. IS THE EXISTING STRUCTURE OF PROTECTION CONDUCIVE TO A SUSTAINABLE EQUILIBRIUM IN JAPAN'S TRADE RELATIONS.

6. THESE ARE SUGGESTIONS WHICH WE REQUEST MISSION
TRANSMIT TO SECRETARIAT AS POSSIBLE AREAS OF SPECIAL
ATTENTION. ANTHONY GEBER, DIRECTOR, EA/EP, WILL VISIT
PARIS MAY 2-3 FOLLOWING ASIAN DEVELOPMENT BANK
ANNUAL MEETING IN VIENNA AND WOULD LIKE TO CONSULT
WITH MISSION AND APPROPRIATE OFFICIALS OF OECD
SECRETARIAT. GEBER DEPARTS WASHINGTON APRIL 20.
MESSAGES AFTER THAT DATE SHOULD BE REPEATED C/O
AMERICAN EMBASSY VIENNA. CHRISTOPHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE095449
Document Source: CORE
Document Unique ID: 00
Drafter: AGEBER:SRP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780160-0118
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780460/aaaabyyi.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: afe539b1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 PARIS 10149
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2979500
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE -- JAPAN
TAGS: ECON, JA, OECD
To: PARIS USOECD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/afe539b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014